UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

[X[QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended December 31, 2001

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____________ to ___________
Commission file number ________________________________

INTERUNION FINANCIAL CORPORATION

(Exact name of small business issuer as specified in its charter)

Delaware	87-0520294
- --------	----------
(State or other jurisdiction of Incorporation or organization)	(IRS Employer Identification No.)

1232 N. Ocean Way, Palm Beach, Fl	33480
- ---------------------------------	-----
(Address of principal executive offices)	(Zip Code)

(561) 845 -2849	(561) 844 - 0517
- ---------------	----------------
(Issuer's telephone number)	(Issuer's telecopier number)

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by section 13 or 15(d) of the Exchange Act during the past 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15 (d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: $0.001 Par Value Common Shares - 1,899,974 as of December 31, 2001.

Transitional Small Business Disclosure Format (Check One) Yes [ ] No [X]

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

INTERUNION FINANCIAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED DECEMBER 31, 01

<TABLE>
<CAPTION>

	Three Months Ended		Nine Months Ended	
	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00
<S>	<C>	<C>	<C>	<C>
REVENUES				
Investment banking	0	3,749	0	272,948
Interest income	6,586	1	20,208	46,899
	6,586	3,750	20,208	319,847
EXPENSES				
Selling, general and administration	95,854	41,657	119,424	319,944
Amortization and depreciation	0	354	0	861
Foreign exchange loss (gain)	0	(3,805)	0	41,737
Writedown in investment	0	(90)	0	30,002
Interest	1,941	20,192	3,970	20,192
	97,795	58,308	123,394	412,736
LOSS FROM CONTINUING OPERATIONS	(91,209)	(54,558)	(103,186)	(92,889)
DISCONTINUED OPERATIONS				
Income (loss) from operations of discontinued subsidiary, net of tax	0	0	0	358,169
Equity in net losses of unconsolidated affiliate, discontinued	(78,438)	(150,064)	(238,342)	(415,807)
Gain (loss) on disposal of affiliate / subsidiary	756,669	0	756,669	(1,413,686)
GAIN (LOSS) FROM DISCONTINUED OPERATIONS	678,231	(150,064)	518,327	(1,471,324)
NET PROFIT (LOSS) FOR THE PERIOD	587,022	(204,622)	415,141	(1,564,213)
EARNINGS (LOSS) PER COMMON SHARE				
Common shares outstanding	1,899,974	1,899,937	1,899,974	1,899,937
Weighted average common shares outstanding	1,899,974	909,555	1,899,974	909,555
EPS - From Continuing Operations (Basic)	(0.048)	(0.060)	(0.054)	(0.102)
EPS - From Discontinuation	0.357	(0.165)	0.273	(1.618)
EPS - Net Profit (Loss)	0.309	(0.225)	0.218	(1.720)

</TABLE>

See Accompanying Notes to Unaudited Consolidated Financial Statements

INTERUNION FINANCIAL CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2001

<TABLE>
<CAPTION>

	As at December 31		As at March 31	
	2001	2000	2001	2000

<S> <C> <C> <C> <C>

ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	2,042,945	33,079	7,356	71,627
Receivables	679,012	7,886	0	68,239
Receivable from affiliates	74,513	0	54,792	27,555
Refundable income taxes	835	7,502	7,502	6,709
Prepaid expenses and other current assets	5,400	6,082	5,400	7,434
Notes receivable	0	0	0	1,001,414
Assets of discontinued operations	0	0	0	3,996,413
	-----------	-----------	-----------	-----------
Total Current Assets	2,802,705	54,549	75,050	5,179,391
	-----------	-----------	-----------	-----------
NON-CURRENT ASSETS:				
Property and equipment, net	0	4,727	0	3,518
Notes receivable, non-current portion	878,150	1,483,607	878,150	633,286
Investment in unconsolidated affiliates	0	2,938,783	2,191,135	3,639,680
Other long term assets		62,574		
Assets of discontinued operations	0	0	0	266,654
	-----------	-----------	-----------	-----------
Total Non-Current Assets	878,150	4,489,691	3,069,285	4,543,138
	-----------	-----------	-----------	-----------
TOTAL ASSETS	3,680,855	4,544,240	3,144,335	9,722,529
	===========	===========	===========	===========
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	156,610	79,115	89,130	370,980
Due to affiliates	3,399	78,320	3,399	0
Note Payable, current portion	113,899	0	60,000	0
Liabilities of discontinued operations	0	0	0	3,477,724
	-----------	-----------	-----------	-----------
Total Current liabilities	273,908	157,435	152,529	3,848,704
NON-CURRENT LIABILITIES:				
NOTES PAYABLE, longterm portion	227,193	860,479	227,193	633,287
	-----------	-----------	-----------	-----------
Total Liabilities	501,101	1,017,914	379,722	4,481,991
	-----------	-----------	-----------	-----------
SHAREHOLDERS' EQUITY:				
Capital stock and additional paid-in capital	10,616,293	10,616,293	10,616,293	10,766,293
Cumulative translation adjustment	0	0	0	37,439
Accumulated deficit	(7,436,539)	(7,089,967)	(7,851,680)	(5,563,194)
	-----------	-----------	-----------	-----------
Total shareholders' equity	3,179,754	3,526,326	2,764,613	5,240,538
	-----------	-----------	-----------	-----------
Total Liabilities and Shareholder's Equity	3,680,855	4,544,240	3,144,335	9,722,529
	===========	===========	===========	===========

</TABLE>

See Accompanying Notes to Unaudited Consolidated Financial Statements

INTERUNION FINANCIAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
AS AT DECEMBER 31, 2001

<TABLE>
<CAPTION>

	As at December 31		As at March 31	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
CAPITAL STOCK AND ADDITIONAL PAID-IN CAPITAL				
Class A Preferred Stock, $0.10 par value Authorized - None in 2001, 1,500,000 shares in 2000 Issued and outstanding - 1,500,000 shares in 2000	0	0	0	150,000

Class B Preferred Stock, $0.10 par value Authorized - 1,000 shares Issued and outstanding - None	0	0	0	0
Class C Preferred Stock, $0.10 par value Authorized - 1,000 shares Issued and outstanding - None	0	0	0	0
Common Stock, $0.001 par value Authorized - 5,000,000 in 2001 and 2000 Issued and outstanding - 1,899,974 in 2001; 4,243,123 in 2000	18,999	18,999	18,999	4,243
Additional Paid-in Capital	10,597,294	10,597,294	10,597,294	10,612,050
CUMULATIVE TRANSLATION ADJUSTMENT	0	0	0	37,439
ACCUMULATED DEFICIT	(7,436,539)	(7,089,967)	(7,851,680)	(5,563,194)
	-----------	-----------	-----------	-----------
Total Shareholders' Equity	3,179,754	3,526,326	2,764,613	5,240,538
	-----------	-----------	-----------	-----------
TOTAL LIABILITIES & SHAREHOLDERS'S EQUITY	3,680,855	4,544,240	3,144,335	9,722,529
	===========	===========	===========	===========

</TABLE>

See Accompanying Notes to Unaudited Consolidated Financial Statements

INTERUNION FINANCIAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2001

<TABLE>
<CAPTION>

	Nine Months Ended		Twelve Months Ended	
	31-Dec-01	31-Dec-00	31-Mar-01	31-Mar-00
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss from continuing operations	(103,186)	(92,889)	(1,903,693)	(3,466,622)
Net gain (loss) from discontinued operations	518,327	(1,471,324)	(422,232)	(132,822)
	-----------	-----------	-----------	-----------
Total:	415,141	(1,564,213)	(2,325,925)	(3,599,444)
Adjustment to reconcile net profit (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	0	861	5,588	1,165,392
Equity in net losses of unconsolidated affiliate	238,342	415,807	1,163,455	1,021,500
Non cash expenses	0	132,998	212,510	387,633
Net (income) loss from discontinued operations	0	(358,169)	422,232	0
Writedown of notes receivable	0	0	633,286	0
(Gain) loss on disposal of affiliate / subsidiary	(756,669)	1,413,686		
Loss in marketable securities	0	0	27,379	1,255,987
	-----------	-----------	-----------	-----------
	(103,186)	40,970	138,525	231,068
Changes in operating assets and liabilities:				
Increase (decrease) in due to/from brokers and dealers, net	0	3,237,515	0	(22,136,587)
Decrease (increase) in due to/from client, net	0	(3,066,311)	0	2,179,710
Decrease in marketable securities	0	32,520	0	19,852,782
(Increase) decrease in accounts receivable and other assets	(13,054)	263,733	69,054	463,545
Increase (decrease) in accounts payable and accrued liabilities	67,480	(444,104)	(331,850)	(428,150)
	-----------	-----------	-----------	-----------
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(48,760)	64,323	(124,271)	162,368
	-----------	-----------	-----------	-----------
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of notes payable	53,899	0	60,000	0
	-----------	-----------	-----------	-----------

NET CASH PROVIDED BY FINANCING ACTIVITIES	53,899	0	60,000	0
CASH FLOW FROM INVESTING ACTIVITIES				
Net proceeds received on disposal of affiliate	2,030,450			
Purchase of property and equipment, net	0	0	0	(6,190)
Investment in notes receivable	0	(473,128)	0	0
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	2,030,450	(473,128)	0	(6,190)
NET INCREASE (DECREASE) IN CASH	2,035,589	(408,805)	(64,271)	156,178
CASH AND CASH EQUIVALENTS - Beginning of Year	7,356	441,884	71,627	285,706
CASH AND CASH EQUIVALENTS - End of Year	2,042,945	33,079	7,356	441,884

</TABLE>

See Accompanying Notes to Unaudited Consolidated Financial Statements

INTERUNION FINANCIAL CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2001

1. Interim information is un-audited; however, in the opinion of management, all adjustments necessary for a fair statement of interim results have been included in accordance with Generally Accepted Accounting Principles. All adjustments are of a normal recurring nature unless specified in a separate note included in these Notes to Un-audited Consolidated Financial Statements. The results for interim periods are not necessarily indicative of results to be expected for the entire fiscal year. These financial statements and notes should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto for the fiscal year ended March 31, 2001, included in its Form 10-KSB for the year ended March 31, 2001.

2. Earning (loss) per share is computed using the weighted average number of common shares outstanding during the period.

CAPITAL STOCK AND ADDITIONAL PAID-IN-CAPITAL

In June 2000, the Company acquired its 243,750 Common Share at the rate of $0.6153 per share in settlement of $150,000 note receivable from an unrelated party.

In September 2000, the Company converted its Class "A" Preferred Shares into Common Shares at the rate of 1 to 10. Consequently, in lieu of 1,500,000 Class "A" Preferred Shares the Company issued 15,000,000 Common Shares from the treasury under regulation "S".

In November 2000, in a special meeting of the shareholders' of the company it was resolved to execute a reverse split in the issued and outstanding common stock of the Company in the ratio of ten (10) to one (1). Consequently the number of issued and outstanding common stock of the Company reduced to 1,899,937 in the 3rd quarter of fiscal 2001, ended December 31, 2000.

SALE OF ASSETS AND DISCONTINUATION OF OPERATIONS

During the second quarter of fiscal 2001 ending September 30, 2000, the Company sold its investment banking subsidiary, Credifinance Capital Corp. (CFCC). Effective September 30, 2000, Credifinance Capital Corp. is no longer part of the Company. As a result of the disposal of the operations of Credifinance Capital Corp. as of September 30, 2000, the Company reported a profit of $358,169 from the discontinued operations.

However, as a result of disposal of the discontinued assets of Credifinance

Capital Corp., the Company incurred a loss of $1,413,686.

From September 30, 2000 to December 20, 2001, the only investment asset on which InterUnion was reporting is its minority interest in InterUnion Asset Management Limited (IUAM). The unaudited financial statements of IUAM for the 3rd quarter of fiscal 2002 ending December 31, 2001, are attached in their entirety as an attachment. IUFC owned 42.8% of IUAM until December 20, 2001.

During the third quarter of fiscal 2002 ending December 31, 2001, the Company sold its 42.8% owned subsidiary and remaining operating asset, InterUnion Asset Management Limited (IUAM). Effective December 20, 2001, the Company has no interest in IUAM. As a result of the disposal of IUAM as of December 20, 2001, the Company reported a gain on disposal of $756,669.

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The pro-forma consolidated results of operation for the current interim period and the corresponding interim period of the preceding fiscal year had the transaction occurred at the beginning of these periods are as follows:

INTERUNION FINANCIAL CORPORATION
CONSOLIDATED PRO-FORMA STATEMENT OF OPERATIONS
FOR THE PERIODS ENDED DECEMBER 31, 2001

<TABLE>
<CAPTION>

	Three Months Ended		Nine Months Ended	
	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00
<S>	<C>	<C>	<C>	<C>
REVENUE				
Investment banking	0	3,749	0	272,948
Interest income	6,586	1	20,208	46,899
	6,586	3,750	20,208	319,847
EXPENSES				
Selling, general and administration	95,854	41,657	119,424	319,944
Amortization and depreciation	0	354	0	861
Foreign exchange loss (gain)	0	(3,805)	0	41,737
Writedown in investment	0	(90)	0	30,002
Interest	1,941	20,192	3,970	20,192
	97,795	58,308	123,394	412,736
NET LOSS	(91,209)	(54,558)	(103,186)	(92,889)
LOSS PER COMMON SHARE				
Common shares outstanding	1,899,974	1,899,937	1,899,974	1,899,937
Weighted average common shares outstanding	1,899,974	909,555	1,899,974	909,555
Pro forma earnings per share	(0.048)	(0.060)	(0.054)	(0.102)

</TABLE>

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS

(1) OVERVIEW

During the 3rd quarter of fiscal 2002 ending December 31, 2001, InterUnion had nil revenue from investment banking as a result of sale of its CFCC operations as of September 30, 2000. The Company's net loss for the quarter ending December 31, 01 from continuing operations, was $91,209 ($0.048 per share); and the net loss for 9 months of fiscal 2002 ending December 31, 01 from continuing operations, was $103,186 or $0.054 per share. The Company also reported a gain of $678,231 from discontinued operations for the quarter ending December 31, 01.

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Selected financial data from InterUnion's financial statements is (figures in 000's except per share data):

<TABLE>
<CAPTION>

	9 mos. ended Dec 31- 01	9 mos. Ended Dec 31- 00	9 mos. ended Dec 31- 99
<S>	<C>	<C>	<C>
Working Capital	2,529	-103	793
Cash Flow	2,036	409	70
Total Assets	3,680	4,544	11,995
Shareholders' Equity	3,180	3,526	9,369
Common Share, #	1,899,974	1,899,937	4,243,123
Book Value Per Share	1.67	1.86	2.21

</TABLE>

(2) NET REVENUES

For the first 9 months of fiscal 2002, InterUnion reported consolidated revenues of $20,208 versus $319,847 a year earlier, a decrease of $299,639 resulting mainly from the sale of its CFCC operations as of September 30, 2000.

(3) EXPENSES

Selling, general and administration expenses for 9 months of fiscal 2002 until December 31, 2001, amounted to $123,394 as compared to $412,736 a year earlier, a decrease of $289,342 resulting mainly from the sale of its CFCC operations as of September 30, 2000.

(4) NET INCOME FOR 9 MONTHS UNTIL DECEMBER 31, 2001

Net profit for the 9 months ending December 31, 2001 was $415,141 (including a gain from discontinued operations of $518,327) or $0.218 per share based on a weighted average number of shares of 1,899,974 versus a loss of $1,564,213 (including a loss from discontinued operations of $1,471,324) or $1.72 per share based on a weighted average number of shares of 909,555 a year earlier.

The weighted average number of common shares outstanding for the nine months ending December 31, 2001, is 1,899,974 versus 909,555 a year earlier.

(5) LIQUIDITY AND CAPITAL RESOURCES

<TABLE>
<CAPTION>

Date	Number of Shares	Amount	Type
<S>	<C>	<C>	<C>
May 1998	17,002	68,008	Regulation "S"
June 1998	35,000	140,000	Regulation "S"
July 1998	262,142	1,048,568	Regulation "S"
December 1998	10,000	40,000	Regulation "S"
February 1999	180,000	630,000	Regulation "S"
March 1999	25,000	87,500	Regulation "S"
March 1999	1,140	4,560	Regulation "S"
November 1999	114,500	57,250	Regulation "S"
November 1999	2,014,198	805,679	Regulation "S"
September 2000	15,000,000	150,000	Regulation "S"

</TABLE>

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(6) CONCLUDING REMARKS

While waiting for the Company to receive the balance of the proceeds from the sale of its interest in IUAM, held in escrow pending clearance from Canada Customs and Revenue Agency, management is reviewing a number of options to maximize the use of the Company's cash.

There are no other known trends, events or uncertainties that may have, or are reasonably likely to have, a material impact on the Company's short-term or long-term liquidity that have not been discussed above.

In addition, there is no significant income or loss that has risen from the Company's continuing operations that has not been analyzed or discussed above. In addition, there has not been any material change in any line item that is presented on the financial statements that has not been discussed above.

(7) CERTAIN RISK FACTORS WHICH MAY IMPACT FUTURE OPERATIONS

The Company and its subsidiary operate in a rapidly changing environment that involves a number of factors, some of which are beyond management's control, such as financial market trends and investors' appetite for new financings. It should also be emphasized that, should the Company not be successful in completing its own financing (either by debt or by the issuance of securities from treasury), its strategy to grow by acquisition will be affected.

In the opinion of management the financial statements for the period ending December 31, 2001 accurately reflect the operations of the Company and its subsidiaries. The Company has taken every reasonable step to ensure itself that its quarterly financial statements do not represent a distorted picture to anyone having a business reason to review such statements and who has also reviewed its previous audited annual financial statements for the year ended March 31, 2001.

Forward-looking information included in Management's Analysis and Discussion reflects management's best judgment based on known factors, and involves risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking information. Forward-looking information is provided by InterUnion pursuant to the safe harbor established by recent securities legislation and should be evaluated in the context of these factors.

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PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

The Company is not a party to any pending legal proceeding, nor is its property the subject of a pending legal proceeding for which the claims, exclusive of interest and costs, exceed 10% of the current assets of the Company on a consolidated basis.

ITEM 2 - CHANGES IN SECURITIES

In the 1st quarter ending June 30, 2000 the Company acquired its 243,750 Common Shares at the rate of $0.6153 per share for $150,000 in settlement of the note receivable of $150,000 from an unrelated party. The above shares are held in treasury. Consequently, the number of outstanding Common Shares declined to 3,999,373 from 4,243,123 as of March 31, 2000.

In September 2000, the Company converted its Class "A" Preferred Shares into Common Shares at the rate of 1 to 10. Consequently, in lieu of 1,500,000 Class "A" Preferred Shares the Company issued 15,000,000 Common Shares from the treasury under regulation "S".

In November 2000, in a special meeting of the shareholders' of the company it was resolved to execute a reverse split in the issued and outstanding common stock of the Company in the ratio of ten (10) to one (1). Consequently the number of issued and outstanding common stock of the Company reduced to 1,899,974 in the 3rd quarter of fiscal 2001.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

There have been no defaults in the payment of principal or interest with respect to any senior indebtedness of InterUnion Financial Corporation.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5 - OTHER INFORMATION

None.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

None.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

InterUnion Financial Corporation

(Registrant)

Date February 15, 2002 /s/ Georges Benarroch, Director
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(Signature)

INTERUNION ASSET MANAGEMENT LIMITED
CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE 3 AND 9 MONTHS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

<TABLE>
<CAPTION>
CONTENTS

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</TABLE>

QUARTERLY COMPLIANCE CERTIFICATE

- --

To: InterUnion Financial Corporation ("IUFC")

Date: February 1, 2002

I, Russell Lindsay, of InterUnion Asset Management Limited (the "CORPORATION"), hereby certify for and on behalf of the Corporation, intending that the same may be relied upon by you without further enquiry, that since April 1, 2001:

(a) the attached financial statements delivered pursuant to the Agreement have been prepared in accordance with generally accepted accounting principles in effect on the date of such financial statements and the information contained therein is true and correct in all material aspects, subject only to year-end audit adjustments, and presents fairly and consistently the results of operations and changes in the financial position of the Corporation as of and to December 31, 2001;

(b) the Corporation is in compliance with all taxes and other withholding obligations and has accrued unpaid vacation pay in its financial statements;

(c) the Corporation has (i) made all deductions for taxes or other obligations required to be deducted and has paid the same to the proper tax or other receiving officers; (ii) remitted to the appropriate tax authority, on a timely basis, all amounts collected on account of goods and services taxes and provincial sales taxes; and (iii) remitted to the appropriate receiving officer, on a timely basis, all amounts required to be paid by it in connection with workman's compensation legislation;

(d) the Corporation is not aware of any breach or potential breach by the Corporation of any Environmental Laws (as such term is defined in the Share Purchase Agreement entered into between the parties as of January 21, 1999 (the "SHARE PURCHASE AGREEMENT")) and to the best of its knowledge is in compliance with all applicable Environmental Laws; and

(e) the Corporation is not aware of any year 2000 issues of the Corporation or its major customers or suppliers that would have a material adverse effect on the Corporation or its Business and the Corporation is in compliance with its year 2000 policy.

All capitalized terms not defined herein have the meaning specified thereto in the Share Purchase Agreement.

Witness my hand and the corporate seal of the Corporation this 1st day of February 2002.

By: /s/ Russell Lindsay

Name: Russell Lindsay
Title: Senior Vice-President
& Chief Financial Officer

INTERUNION ASSET MANAGEMENT LIMITED
Consolidated Balance Sheets (unaudited)

(amounts expressed in Canadian dollars unless otherwise stated)
(as at December 31 and March 31)
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<TABLE>
<CAPTION>

	December 31, 2001	March 31, 2001
Assets		
<S>	<C>	<C>
Current:		
Cash	$ 495,787	$ 661,238
Marketable securities, at market (note 4)	1,631,126	1,535,670
Accounts receivable and accrued revenue	371,419	576,068
Prepaid expenses	97,820	76,989
Income taxes recoverable	15,464	-
Future income tax asset	-	26,108
	------------	------------
	2,611,616	2,876,073
Management contracts, net (note 5)	1,404,762	1,619,048
Capital assets, net (note 6)	309,262	338,945
Investments, at cost	13,914	13,915
Goodwill (note 7)	8,554,541	9,152,976
	------------	------------
Total assets	$ 12,894,095	$ 14,000,957
	============	============
Liabilities		
Current:		
Bank indebtedness	$ -	$ 16,041
Accounts payable and accrued liabilities (note 9)	403,844	644,082
Current portion of long term debt	18,000	18,000
Income taxes payable	-	48,494
Deferred revenue	101,892	83,942
Other liabilities (note 9)	197,055	-
Preference shares (note 11)	3,500,000	-
	------------	------------
	4,220,791	810,559
Deferred inducements (note 8)	85,322	44,514
Long term debt (note 10)	26,000	39,500
Other liabilities (note 9)	-	131,250
Preference shares (note 11)	-	3,500,000
	------------	------------
	4,332,113	4,525,823
	============	============
Non-controlling interest	129,781	135,119
Shareholder's Equity		
Shareholder's equity:		
Share capital (note 12)	16,358,581	16,358,559
Deficit	(7,926,380)	(7,018,544)
Total shareholder's equity	8,432,201	9,340,015
	------------	------------
Total liabilities and shareholder's equity	$ 12,894,095	$ 14,000,957
	============	============

</TABLE>

See accompanying notes to consolidated financial statements

INTERUNION ASSET MANAGEMENT LIMITED
Consolidated Statements of Operations and Deficit (unaudited)
(amounts expressed in Canadian dollars unless otherwise stated)

(for the periods ended December 31)

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<TABLE>
<CAPTION>

	3 months ended December 31, 2001	3 months ended December 31, 2000	9 months ended December 31, 2001	9 months ended December 31, 2000
<S>	<C>	<C>	<C>	<C>
Revenue:				
Management fees......	1,283,695	$ 1,491,594	$ 4,092,648	4,536,573
Other income (loss) (note 3 and 8)	15,450	(34,046)	90,113	178,909
	1,299,145	1,457,548	4,182,761	4,715,482
Operating expense				
Commission and incentives	155,400	216,639	521,064	626,067
Salaries and benefits	793,776	846,827	2,638,467	2,551,939
Marketing and advertising	52,579	61,977	132,201	155,390
Office and general	205,768	270,635	650,342	930,198
Professional fees	61,698	75,797	169,118	337,730
Amortization of management contracts	71,429	71,429	214,286	264,286
Amortization of capital assets	25,006	31,141	79,289	99,423
	1,365,656	1,574,445	4,404,767	4,965,033
Operating income (loss) before undernoted	(66,511)	(116,897)	(222,006)	(249,551)
Interest expense				
Current	-	842	-	31,065
Long term	44,271	47,433	135,097	142,171
	44,271	48,275	135,097	173,236
Loss before amortization of goodwill, non-controlling interest and income taxes	(110,782)	(165,172)	(357,103)	(422,787)
Income taxes (note 13)				
Current income taxes	27,834	164,133	39,225	374,044
Future income taxes	26,108	-	26,108	-
	53,942	164,133	65,333	374,044
Loss before amortization of goodwill and non-controlling interest	(164,724)	(329,305)	(422,436)	(796,831)
Amortization of goodwill	154,586	197,666	465,738	595,606
Loss before non-controlling interest	(319,310)	(526,971)	(888,174)	(1,392,437)
Non-controlling interest	9,573	(32,795)	19,662	(37,539)
Net loss, for the period	(328,883)	(494,176)	(907,836)	(1,354,898)
Deficit, beginning of period	(7,597,497)	(3,519,489)	(7,018,544)	(2,658,767)
Deficit, end of period	$ (7,926,380)	$ (4,013,665)	$ (7,926,380)	$(4,013,665)

</TABLE>

See accompanying notes to consolidated financial statements

INTERUNION ASSET MANAGEMENT LIMITED
Consolidated Statements of Cash Flows (unaudited)
(amounts expressed in Canadian dollars unless otherwise stated)
(for the periods ended December 31)

- ---

<Table>

<Caption>

<S>	3 months ended December 31, 2001 <C>	3 months ended December 31, 2000 <C>	9 months ended December 31, 2001 <C>	9 months ended December 31, 2000 <C>
Cash flows from operating activities				
Net loss	$ (328,883)	$ (494,176)	$ (907,836)	$ (1,354,898)
Adjustments for:				
Amortization of goodwill	154,586	197,666	465,738	595,606
Amortization of management contracts	71,429	71,429	214,286	264,286
Amortization of capital assets	25,006	31,141	79,289	99,423
Deferred rent inducements	(739)	790	(195)	2,370
Gain on termination of sublease	-	-	(35,142)	-
Unrealized loss on investment	-	44,476	-	51,240
Net loss (gain) on sale of capital assets & investments	(285)	21,437	6,913	(226,590)
Permanent writedown of capital assets	674	-	7,676	-
Provision for doubtful receivable	1,500	20,330	8,750	20,330
Future income taxes	26,108	-	26,108	-
Non-controlling interest	9,573	(32,795)	19,662	(37,539)
Increase (decrease) in deferred inducements	-	424	-	(3,737)
Proceeds on termination of sub-lease	-	-	76,145	-
Changes in non-cash working capital				
Decrease (increase) in accounts receivable	(76,698)	(14,634)	195,899	77,224
Increase (decrease) in accounts payable	33,649	763	(240,238)	15,979
Decrease (increase) in income taxes recoverable	(65)	-	(15,464)	-
Increase (decrease) in income taxes payable	-	(55,505)	(48,494)	(121,939)
Other items, net	(9,410)	(23,674)	128,441	(31,727)
	(93,555)	(232,328)	(18,462)	(649,972)
Cash flows from investing activities				
Acquisition of capital assets, net of disposals	(29,608)	(8,320)	(64,242)	(22,151)
Dispositions (acquisitions), net of cash acquired (disposed)	-	-	67,228	762,798
Sale (purchase) of marketable securities	154,293	(116,864)	(95,456)	82,745
	124,685	(125,184)	(92,470)	823,392
Cash flows from financing activities				
Increase (decrease) in bank indebtedness	-	(41,662)	(16,041)	(36,853)
Repayments of long term borrowings	(4,500)	(4,500)	(13,500)	(158,563)
Proceeds from share issuance	22	-	22	-
Dividend paid to non-controlling interest	-	(25,000)	(25,000)	(75,000)
	(4,478)	(71,162)	(54,519)	(270,416)
Net increase (decrease) in cash	26,652	(428,674)	(165,451)	(96,996)
Cash at beginning of period	469,135	857,299	661,238	525,621
Cash at end of period	$ 495,787	$ 428,625	$ 495,787	$ 428,625
Supplemental Cash Flows Information				
Interest paid	$ 27,268	$ 25,826	$ 74,351	$ 85,752
Income taxes paid	30,566	218,231	106,883	515,609

</TABLE>

See accompanying notes to consolidated financial statements

INTERUNION ASSET MANAGEMENT LIMITED
Notes to Consolidated Financial Statements
December 31, 2001 and December 31, 2000
(amounts expressed in Canadian dollars unless otherwise stated)

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1. NATURE OF BUSINESS

InterUnion Asset Management Limited, formerly Cluster Asset Management

Limited, was incorporated on August 13, 1997 under the laws of Ontario. The principal business activities of InterUnion Asset Management Limited and its subsidiaries are discretionary and advisory portfolio management services for its clients and the acquisition of investment management firms.

- --

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of Consolidation

These consolidated financial statements include the accounts of InterUnion Asset Management Limited and its subsidiaries. The principal operating subsidiaries are Guardian Timing Services Inc., Leon Frazer & Associates Inc. (formed on the merger of The Glen Ardith-Frazer Corporation and Leon Frazer & Associates Inc., on September 1, 2001), P.J. Doherty & Associates Co. Ltd., Black Investment Management Ltd. (see note 3), and A.I.L. Investment Services Inc. (see note 3). Unless the context implies otherwise, the term "Company" collectively refers to InterUnion Asset Management Limited and all of its subsidiaries.

b) Marketable Securities

Marketable securities are valued at market and unrealized gains and losses are reflected in income.

c) Management Contracts

Management contracts are recorded at cost less accumulated amortization and are amortized on a straight-line basis over a period of 7 years. The Company assesses the value of its management contracts by considering the future economic benefit associated with the revenue capacity of the related contracted items.

d) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the following basis:

<TABLE>

<S>	<C>
Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	over the term of lease on a straight line basis

</TABLE>

e) Goodwill

Goodwill being the excess of cost over assigned values of net assets acquired, is stated at cost less amortization. Amortization is provided on a straight-line basis over periods from 15 to 20 years. The value of goodwill is evaluated regularly by reviewing, among other items, the undiscounted cash flows relating to the returns of the related business, and by taking into account the risk associated with the investment. Any impairment in the value of the goodwill is written off against operations.

f) Investments

Investments are carried at the lower of cost and fair value.

f) Revenue Recognition

Revenue is recognized by the Company on an earned basis. For its services, the Company is entitled to an annual fee payable monthly or quarterly, depending on its agreement with the client. Fees are calculated based on the fair market value of the portfolio on each valuation date. Fees billed in advance are recorded as deferred revenue and taken into income evenly over the term of the stated billing.

- --

g) Financial Instruments

The Company's financial instruments consist of cash, bank indebtedness, marketable securities, accounts receivable, investments, accounts payable and accrued liabilities, long term debt, other liabilities and preference shares. It is management's opinion that the Company is not exposed to significant interest risks arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

The Company is exposed to credit risk on the accounts receivable from its customers. Management has adopted credit policies in an effort to minimize those risks. The Company does not have a significant exposure to any individual customer or counter-party.

h) Income Taxes

As recommended by The Canadian Institute of Chartered Accountants, effective April 1, 1999, the Corporation adopted the liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

i) Stock-Based Compensation Plan

The Company's stock-based compensation arrangements are described in Note 12. No compensation expense is recognized for these arrangements when stock options are issued to employees. Any consideration paid by employees on exercise of stock options is credited to share capital. If stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the stock option cancelled is charged to retained earnings.

j) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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3. ACQUISITIONS AND DISPOSITIONS

The following are acquisitions made during the periods. These acquisitions were accounted for by the purchase method and consolidated from the respective effective date of acquisition.

Fiscal 2001 Acquisitions:

o On March 31, 2001 the Company purchased an additional 3,201 shares in Leon Frazer & Associates Inc. from Black Investment Management Limited, thereby increasing the Company's direct ownership in Leon Frazer & Associates Inc. to 76.5%.

The following are dispositions made during the periods.

Fiscal 2002 Dispositions:

(amounts expressed in Canadian dollars unless otherwise stated)

o On July 20, 2001, the Company sold all of its 53.2% share ownership in Black Investment Management Limited for cash proceeds of $146,250 and a consolidated gain of $47. Subject to the achievement of certain threshold levels of revenues of Black Investment Management Limited over the next three years, the Company may receive additional proceeds. As these proceeds are contingent upon future events, no amount is recorded in the current period financial statements.

- --

Fiscal 2001 Dispositions:

o On September 29, 2000, the Company sold its share ownership in A.I.L. Investment Services Inc. (AILISI), a wholly owned subsidiary, for net cash proceeds of $611,000. AILISI provided all management and administrative services for one mutual fund corporation. The primary asset of AILISI was a management contract with a net book value of $350,000 on the date of sale. Included in `Other income' at September 30, 2000 is a net gain of $218,000 resulting from this transaction.

- --

4. MARKETABLE SECURITIES

Marketable securities are recorded at market values and comprise the following:

<TABLE>
<CAPTION>

<S>	<C> December 31, 2001	<C> March 31, 2001
Bankers Acceptance	$ 1,278,690	$ 1,094,850
Money Market Mutual Funds	352,436	409,047
Other Mutual Funds	-	31,773
	$ 1,631,126	$ 1,535,670

</TABLE>

The Bankers Acceptances outstanding at December 31, 2001 have maturities between March 13, 2002 and April 3, 2002. The annualized yield on these securities is 2.75%.

- --

5. MANAGEMENT CONTRACTS

Management contracts comprise the following:

<TABLE>
<CAPTION>

	December 31, 2001			March 31, 2001
<S>	<C> Cost	<C> Accumulated Amortization	<C> Net Book Value	<C> Net Book Value
Non-competition agreement	$ 2,000,000	$ 595,238	$ 1,404,762	$ 1,619,048

</TABLE>

- --

(amounts expressed in Canadian dollars unless otherwise stated)

6. CAPITAL ASSETS

Capital assets comprise the following:

<TABLE>
<CAPTION>

	December 31, 2001			March 31, 2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
<S>	<C>	<C>	<C>	<C>
Computer equipment	$ 645,334	$ 500,440	$ 144,894	$ 131,090
Furniture and fixtures	356,208	265,098	91,110	113,435
Leasehold improvements	162,411	89,153	73,258	94,420
	$ 1,163,953	$ 854,691	$ 309,262	$ 338,945

</TABLE>

- --

7. GOODWILL

<TABLE>
<CAPTION>

	December 31, 2001	March 31, 2001
<S>	<C>	<C>
Cost	$ 13,610,691	$ 13,610,691
Impairment of goodwill	2,565,000	2,565,000
Accumulated amortization	2,358,453	1,892,715
Sale of investment in subsidiary (note 3)	132,697	-
	$ 8,554,541	$ 9,152,976

</TABLE>

- --

In the prior year, the Company recorded goodwill impairment charges of $2,565,000 on its investment in Black Investment Management Ltd. and Guardian Timing Services Inc. Impairment resulted from significant client departures and the disposition of several product offerings. In the case of Black Investment Management Ltd., the amount of impairment was based on the estimated net realizable cash value while for Guardian Timing Services Inc., the amount of impairment was based on estimated undiscounted future cash flows.

- --

8. DEFERRED INDUCEMENTS

Deferred inducements comprise a controlled company's lease at its Toronto premises which provides for rent-free periods and periods of reduced rent. In order to properly reflect these rental inducements over the term of the lease, the total lease payments have been aggregated and allocated over the term of the lease on a straight-line basis. This treatment of rental inducements has given rise to deferred lease inducements which will be applied to income over the term of the lease.

The controlled company has sub-leased certain of its leased premises for the term of the lease. Included in deferred inducements are expenses associated with the sub-lease arrangement which have been deferred and will be amortized over the remaining life of the sub-lease. Effective September 1, 2001 the sub-lease arrangement was terminated and a new sub-lease arrangement was entered into with a related party. Termination of the sub-lease arrangement resulted in a net gain of $35,142 in the current period. The related party sub-lease arrangement will have no impact on the consolidated results.

(amounts expressed in Canadian dollars unless otherwise stated)

- --

9. RELATED PARTY TRANSACTIONS

Transactions with shareholders, officers and directors of the Company influenced by the aforementioned parties are considered related party transactions.

Summary of the related party transactions affecting the accounts are as follows:

<TABLE>
<CAPTION>

<S>	9 months ended December 31, 2001 <C>	9 months ended December 31, 2000 <C>
Expenses		
Commissions and incentives	$ 85,000	$ 72,000
Interest expense	131,600	131,250
Professional fees	3,600	-

</TABLE>

These transactions are in the normal course of operations and are measured at the exchange values (the amount of consideration established and agreed to by the related parties), which approximate the arm's length equivalent values.

Related party balances in the accounts are as follows:

<TABLE>
<CAPTION>

<S>	December 31, 2001 <C>	March 31, 2001 <C>
Accounts payable	$ 32,700	$ 21,875
Other liabilities	197,055	131,250

</TABLE>

These balances are interest-free, unsecured, payable on demand and have arisen from the transactions referred to above (except for Other liabilities which is due on November 19, 2002 and has arisen on issuance of preference shares).

10. LONG-TERM DEBT

<TABLE>
<CAPTION>

<S>	December 31,2001 <C>	March 31, 2001 <C>
Demand bank loan, interest at prime +1/2%, monthly principal payments of $1,500	$ 44,000	$ 57,500

Less: current portion	18,000	18,000
	--------	--------
	$ 26,000	$ 39,500
	========	========

</TABLE>

The demand bank loan is guaranteed by two of a subsidiary company's shareholders.

- --

11. PREFERENCE SHARES

3,500 Cumulative Redeemable Convertible Class A Preference Shares (with a value equal to $1,000 per share) were issued on November 19, 1999 as consideration for the acquisition of P.J. Doherty & Associates Co. Ltd. These Class A Preference Shares are redeemable at the option of either the holders (commencing November 19, 2002, subject to certain provisions for early redemption arising from non-payment of dividends and an Initial Public Offering of the Common Shares of the Company prior to November 19, 2002) or the Company (commencing November 19, 2001) at $1,000 per share. In the instance that the Class A Preference Shares are redeemed by the Company, the holders are entitled to a cash premium of 2.5% per annum, calculated from the original issue date together with all dividends accruing thereon whether or not declared. At any time after issuance, each Class A Preference Share is convertible to 78.408 Common Shares (see note 12) at a conversion price of $12.7538 per Common Share (subject to certain provisions with respect to the issuance of additional Common Shares). Holders of these Class A Preference Shares are entitled to quarterly cumulative cash dividends of: i.) 2.50% per annum until the third anniversary of the original issue date; and ii.) 5.00% per annum, thereafter. Holders of these Class A Preference Shares are also entitled to an additional dividend of 2.50% per annum accruing until and payable on the earlier of: i.) the third anniversary of the original issue date; ii.) the date on which Common Shares are delivered to the holder pursuant to a conversion of Class A Preference Shares; and iii.) the redemption of such Class A Preference Shares. As these Class A Preference Shares are redeemable at the option of the holders, the value of these shares have been classified as long-term debt on the balance sheet. These Class A Preference Shares are collateralized by a pledge by the Company of 4,000,000 common shares in the capital of P.J. Doherty & Associates Co. Ltd. valued at $4,000,000.

- --

12. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Class A and Class B Preference Shares, issuable in series (note 11).

Details of issued share capital are as follows:

<TABLE>
<CAPTION>

	Common	
	Shares	Amount
<S>	<C>	<C>
March 31, 2000	1,568,161	$ 16,358,558
Issued on conversion of warrants	44,000	1
	---------	-----------
March 31, 2001	1,612,161	$ 16,358,559
Exercise of stock options	22,000	22
	---------	-----------
December 31, 2001	1,634,161	$ 16,358,581
	=========	============

</TABLE>

INTERUNION ASSET MANAGEMENT LIMITED
Notes to Consolidated Financial Statements
December 31, 2001 and December 31, 2000
(amounts expressed in Canadian dollars unless otherwise stated)
- --

During a prior fiscal period, the Board of Directors of the Company approved the granting of options to employees to purchase up to 136,300 common shares of the Company which may be granted from time to time. Various vesting requirements are associated with each employee grant.

As a result of the issuance of common shares relating to the warrant referred to above, in the prior fiscal year additional stock options were issued and the preferred share conversion ratio was adjusted to maintain the proportionate holdings of the option holders and preferred shareholders as required under the terms of the financial instruments. In the current fiscal year, it was subsequently determined that the aforementioned adjustment should not have encompassed any adjustments to issued stock options and preference shares. As such, the comparative figures for stock options have been restated to reflect a correction in the stock options reported as issued in the prior fiscal year. On December 20, 2001, the Company and the stock option holders agreed to cancel the vested and unvested stock options outstanding.

Vested Options

<TABLE>
<CAPTION>

			Number of Options				
Fiscal year granted	Vested expiry date	Exercise price	Outstanding March 31, 2001	Vested	Issued/ Exercised	Cancelled	Outstanding December 31, 2001
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1999	Jan 21, 2009	$16.13	36,300	-	-	36,000	-
1999	Jan 21, 2009	$0.001	22,000	-	22,000	-	-
2000	May 10, 2009	$13.00	20,167	7,925	-	28,092	-

</TABLE>

Unvested Options

<TABLE>
<CAPTION>

			Number of Options			
Fiscal year granted	Vested expiry date	Exercise price	Outstanding March 31, 2001	Vested	Issued/ Cancelled	Outstanding December 31, 2001
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2000	May 10, 2009	$13.00	12,833	7,925	4,908	-

</TABLE>

Unvested options vest evenly over a three-year term.

- --

13. INCOME TAXES

The Company's effective income tax rate used in determining the provision for income taxes is as follows:

<TABLE>
<CAPTION>

	9 months ended December 31,	9 months ended December 31,

(amounts expressed in Canadian dollars unless otherwise stated)

	2001	2000
Combined statutory tax rate (recovery)	(42.1)%	(43.5)%
Deduct:		
Non-deductible expenses	24.9	11.9
Temporary differences	20.3	18.9
Unrecognized losses carried forward	15.6	123.6
Non-taxable gains	(0.3)	(26.0)
Other, net	(0.1)	3.6
Effective income tax rate	18.3%	88.5%

</TABLE>

As at December 31, 2001, the consolidated group had approximately $1,755,000 of non-capital losses (March 31, 2001 - $2,079,000) which may be carried forward and utilized to reduce future years' taxable income. These figures reflect the reduction at December 31, 2001 of $292,000 in non-capital losses arising from the sale of Black Investment Management Ltd. and the reduction at March 31, 2001 of $507,000 in non-capital losses arising from the sale of A.I.L. Investment Services Inc. The right to claim the non-capital losses expires as follows:

<TABLE>
<CAPTION>

Expiry	
2004	$ 146,000
2005	43,000
2006	626,000
2007	824,000
2008	116,000

</TABLE>

As at December 31, 2001, the consolidated group had approximately $0 (March 31, 2001 - $391,000) of capital losses which may be carried forward and utilized to reduce future years' capital gains except that, as a result of an acquisition of control on December 20, 2001, all capital losses existing at this date have expired.

During the period, the Company's future income tax asset decreased by $214,000 and totaled $968,000 (March 31, 2001 - $1,182,000) after applying the statutory tax rate to the temporary differences and non-capital and capital losses described above.

Subsequently, the net change to the valuation allowance during the period, and the total valuation allowance as at December 31, 2001 provided by the Company, decreased by $188,000 and totalled $968,000 (March 31, 2001 - $1,156,000) to reduce the future income tax asset, reflecting the uncertainty of full realization of the future income tax asset.

---

14. LOSS PER SHARE

Basic loss per share has been calculated on a weighted average basis of common shares outstanding during the period.

<TABLE>
<CAPTION>

9 months ended   9 months ended

(amounts expressed in Canadian dollars unless otherwise stated)

	December 31, 2001	December 31, 2000
<S>	<C>	<C>
Weighted average common shares - basic calculation	1,613,041	1,612,161

</TABLE>

The calculations of fully diluted earnings per share is based upon the common shares outstanding during the period as above and not adjusted by the unexercised convertible Class A Preference shares and vested options in computing diluted loss per share because their effects were antidilutive.

<TABLE>
<CAPTION>

	9 months ended December 31, 2001	9 months ended December 31, 2000
<S>	<C>	<C>
Basic loss per share	$ (0.56)	$ (0.84)

</TABLE>

In accordance with revised recommendations of The Canadian Institute of Chartered Accountants, the company adopted on a retroactive basis the accounting standards for calculating Earnings Per Share. Accordingly, prior period basic earnings per share has been restated to account for the effect of the outstanding warrants issued which were contingent upon certain conditions which had been satisfied at March 8, 1999. The basic loss per share reported in the prior year has been decreased by $0.02 per share.

15. COMMITMENTS

The Company has basic lease payments exclusive of operating costs for the premises and office equipment for the next five years and thereafter as follows:

<TABLE>
<CAPTION>

	12 months ended December 31
<S>	<C>
2002	$ 155,000
2003	151,000
2004	94,000
2005	62,000
2006	63,000
Thereafter	58,000

</TABLE>

The Company has employment contracts and obligations with three of its employees at the following annual base salaries amount:

<TABLE>
<CAPTION>

	12 months ended December 31
<S>	<C>
2002	$ 628,000
2003	490,000
2004	449,000

</TABLE>

(amounts expressed in Canadian dollars unless otherwise stated)

- --

16. RECONCILIATION OF CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). Material differences at December 31 between Canadian GAAP and accounting principles generally accepted in the United States ("U.S. GAAP") are described below:

a) Statements of Operations:

The application of U.S. GAAP would have the following effect on net loss for the quarter and loss per common share as reported:

<TABLE>
<CAPTION>

	9 months ended December 31, 2001	9 months ended December 31, 2000
Net loss for the period, Canadian GAAP	$ (907,836)	$ (1,354,898)
Stock based compensation (i)	-	(51,704)
Net loss for the period, U.S. GAAP	$ (907,836)	$ (1,406,602)
Loss per common share under U.S. GAAP	$ (0.56)	$ (0.87)

</TABLE>

(i) Stock-Based Compensation Expense

The Company does not recognize compensation expense for stock options granted. Under U.S. GAAP, Accounting Principles Board ("APB") Opinion No. 25 requires that stock based compensation cost be recorded using the intrinsic-value method. FASB Statement of Financial

- --

Accounting Standard ("SFAS") No. 123 encourages the Company to record compensation expense using the fair-value method. In reconciling Canadian GAAP with U.S. GAAP, the Company has chosen to measure compensation costs related to stock options in accordance with APB 25.

Under APB 25 the intrinsic-value of vested options would have been $0 (2000 - $0). The intrinsic-value of unvested options is estimated to be $0 (2000 - $177,000 with a vesting period of two years). Therefore, total compensation cost for the period under APB 25 would have been $0 (2000 - $51,704). Had the Company booked compensation expense in accordance with APB 25, basic loss per share would have been increased by $0.00 (2000 - $0.03).

b) Other Disclosures:

i) Stock-Based Compensation Expense

For options granted in fiscal year 2000, the estimated fair value of the underlying equity at date of grant was $13.00. As such, compensation costs under SFAS 123 would have totaled $227,700 over a vesting period of three years.

The fair value estimates were determined using the Black-Scholes option-pricing model. Valuation was based on a risk-free interest rate of 5.46%, an expected term of 10 years, an expected volatility of 30% and no expected dividends. On December 20, 2001 all outstanding vested and unvested stock options were cancelled. Had the Company booked compensation expense relating to the stock options, loss per common share would have been decreased by $0.12 (2000 - increased by $0.04).

ii) Comprehensive Income

FASB SFAS No. 130 introduced the concept of Comprehensive Income. Under this pronouncement, U.S. GAAP requires companies to report Comprehensive Income as a measure of overall performance. Comprehensive Income includes net income and all other changes in equity, exclusive of shareholders' contributions or any distributions to shareholders. The application of FASB SFAS N0.130 would not have a material effect on net loss for the period and loss per common share as reported under U.S. GAAP.

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17. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain comparative figures have been restated to conform with the current period's presentation.